

November 24, 2020

VIA ELECTRONIC MAIL

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

**RE: Docket 5073 – Retail Energy Supply Association (RESA)
Petition for Implementation of Purchase of Receivables Program
Responses to RESA Data Requests – Set 1**

Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a National Grid (“National Grid” or the “Company”) enclosed please find an electronic version¹ of the Company’s responses to Retail Energy Supply Association (“RESA”) First Set of Data Requests issued in the above-referenced matter.

Thank you for your attention to this filing. If you have any questions or concerns, please do not hesitate to contact me at 401-784-4263.

Sincerely,



Andrew S. Marcaccio

Enclosures

cc: Docket 5073 Service List
Jon Hagopian, Esq., Division
John Bell, Division

¹ Per Commission counsel’s update on October 2, 2020, concerning the COVID-19 emergency period, the Company is submitting an electronic version of this filing. The Company will provide the Commission Clerk with five (5) hard copies and, if needed, additional hard copies of the enclosures upon request.

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.

Joanne M. Scanlon

November 24, 2020
Date

**Docket No. 5073 – Retail Energy Supply Associations Petition for Implementation of Purchase of Receivables Program
Service List updated 11/12//2020**

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The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 5073
In Re: Retail Energy Supply Association (RESA)
Implementation of Purchase of Receivables Program
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PUC 1-1

Request:

Please refer to the Petition for Implementation of Purchase of Receivables Program filed by the Retail Energy Supply Association on September 16, 2020 at Paragraphs 9 and 23. Please provide an estimate of costs that National Grid would incur to implement a POR Program in Rhode Island. The estimate should include all anticipated costs, including those associated with information system tasks, billing operations tasks, legal lien-related costs, legal fees and other administrative costs.

Response:

Information system upgrade

The Company's affiliate implemented a purchase of receivables ("POR") program in Massachusetts in 2014. The customer billing system upgrade for the Massachusetts POR program was implemented at a cost of approximately \$0.6 million. The implementation of a POR program in Rhode Island would require a similar upgrade to the customer billing system to enable the program. Therefore, the estimated cost to upgrade the customer billing system in order to support a POR program in Rhode Island would be similar.

Estimated Cost to Implement Purchase of Receivables in Customer System Cost

Cost Type	Total
Capital Cost	\$0.4M
Operational Expense	\$0.2M
Total	\$0.6M

Billing Operation Tasks

No billing operational task costs have been identified.

Legal lien-related costs and legal fees

The Company does not anticipate any incremental legal costs related to the credit and collections process. It is expected that there will be some legal cost associated with outside counsel throughout the preparation and commencement of this docket. However, these are undetermined at this time.

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PUC 1-1, page 2

Other Administrative Tasks

The Company has estimated \$5,000 in operational expense per year to add Rhode Island POR program to a daily control. The daily control is used to ensure proper payments are being generated to retail energy supply companies (non-regulated power producers in Rhode Island).

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RESA 1-2

Request:

Please provide the number of distribution customers National Grid serves, broken down by class.

Response:

Below presents the average number of customers to which the Company provides distribution service, by rate class, for the 12-month period ending October 2020. The Company is also providing the same information by Standard Offer Service procurement group.

	Average Number of Customers
Rate Class	
A-16 Residential	402,587
A-60 Residential Low Income	32,818
B-32 Large Demand Backup	5
C-06 Small C&I	51,488
G-02 General C&I	7,883
G-32 Large Demand	1,009
M-1 Station Power	2
Streetlighting	2,499
X-01 Electric Propulsion	1
Total	498,292
Standard Offer Service Procurement Group	
Residential (A-16, A-60)	435,405
Commercial (C-06, G-02, Streetlighting)	61,870
Industrial (B-32, G-32, X-01)	1,015
Subtotal, Procurement Groups	498,290
M-1 Station Power	2
Total	498,292

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RESA 1-3

Request:

Please provide the number of distribution customers served by National Grid that purchase electricity supply from non-regulated power producers, broken down by class.

Response:

Below presents the average number of customers purchasing electricity supply from non-regulated power producers, by rate class, for the 12-month period ending October 2020. The Company is also providing the same information by Standard Offer Service procurement group.

	Average Number of Customers
Rate Class	
A-16 Residential	39,349
A-60 Residential Low Income	4,862
B-32 Large Demand Backup	2
C-06 Small C&I	10,708
G-02 General C&I	3,670
G-32 Large Demand	792
M-1 Station Power	2
Streetlighting	672
X-01 Electric Propulsion	1
Total	60,058
Standard Offer Service Procurement Group	
Residential (A-16, A-60)	44,211
Commercial (C-06, G-02, Streetlighting)	15,050
Industrial (B-32, G-32, X-01)	795
Subtotal, Procurement Group	60,056
M-1 Station Power	2
Total	60,058

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RESA 1-4

Request:

Please provide National Grid's distribution and generation revenues, by customer class.

Response:

For the purposes of responding to this request, the Company has defined distribution revenue to be all revenue of the Company billed by the Company associated with kWh delivered to customers, including Standard Offer Service, and has defined generation revenue to mean charges of Nonregulated Power Producers ("NPPs") for which the Company bills NPPs' generation service under Complete Billing Service pursuant to section 2.1.1 of the Terms and Conditions for Nonregulated Power Producers, R.I.P.U.C. No. 1191.

Please see Attachment RESA 1-4 for the last 12 months of distribution and generation revenues, by rate class.

Distribution Revenue

Rate Class	11 2019	12 2019	1 2020	2 2020	3 2020	4 2020	5 2020	6 2020	7 2020	8 2020	9 2020	10 2020	12 Month Total
A16	\$39,668,166	\$48,354,367	\$57,999,081	\$46,090,694	\$45,151,446	\$44,244,057	\$41,560,681	\$43,041,030	\$63,877,033	\$77,884,428	\$55,220,978	\$45,177,158	\$608,269,118
A60	\$2,160,647	\$2,691,775	\$3,038,708	\$2,535,264	\$2,585,503	\$2,522,547	\$2,372,385	\$2,352,908	\$3,304,709	\$4,182,304	\$2,914,856	\$2,302,834	\$32,964,439
C06 / C08	\$6,201,029	\$7,169,200	\$9,189,761	\$7,428,030	\$5,933,517	\$5,165,984	\$3,799,576	\$3,701,346	\$6,331,511	\$7,717,900	\$6,266,499	\$5,806,068	\$74,710,422
G02	\$11,464,615	\$12,623,826	\$15,207,962	\$14,059,244	\$13,448,016	\$12,159,907	\$11,452,575	\$11,665,663	\$13,147,679	\$15,855,349	\$13,480,679	\$13,020,311	\$157,585,823
B32 / G32	\$14,250,501	\$14,294,183	\$8,899,168	\$15,442,564	\$14,995,324	\$16,270,148	\$15,198,444	\$15,827,843	\$16,267,674	\$17,633,489	\$16,318,552	\$15,625,270	\$181,023,160
M1	\$15,799	\$18,940	\$19,930	\$21,874	\$18,072	\$15,240	\$13,621	\$14,179	\$13,552	\$12,932	\$12,932	\$13,330	\$190,401
Streetlighting	\$1,037,669	\$784,255	\$1,590,637	\$889,000	\$799,911	\$1,058,258	\$756,558	\$820,223	\$650,017	\$711,977	\$772,220	\$1,016,742	\$10,887,467
X01	\$168,286	\$157,987	\$168,444	\$175,093	\$179,095	\$139,353	\$104,520	\$104,798	\$124,185	\$126,545	\$126,248	\$133,777	\$1,708,331
Total	\$74,966,711	\$86,094,533	\$96,113,692	\$86,641,763	\$83,110,883	\$81,575,493	\$75,258,360	\$77,527,989	\$103,716,359	\$124,124,924	\$95,112,962	\$83,095,492	\$1,067,339,161

Generation Revenue

Rate Class	11 2019	12 2019	1 2020	2 2020	3 2020	4 2020	5 2020	6 2020	7 2020	8 2020	9 2020	10 2020	12 Month Total
A16	\$14,304,935	\$15,355,502	\$15,588,415	\$16,951,686	\$15,322,803	\$14,750,888	\$13,205,737	\$13,618,501	\$17,586,009	\$20,183,989	\$15,854,768	\$14,391,108	\$187,114,339
A60	\$90,237	\$101,708	\$111,852	\$106,184	\$101,255	\$109,655	\$116,392	\$113,956	\$154,117	\$199,482	\$146,331	\$120,206	\$1,471,374
C06 / C08	\$1,273,065	\$1,154,327	\$1,659,738	\$1,462,307	\$1,431,622	\$1,398,994	\$1,343,876	\$1,345,271	\$1,676,524	\$1,880,819	\$1,639,417	\$1,464,101	\$17,730,061
G02	\$4,780,582	\$4,790,566	\$5,393,720	\$4,896,791	\$4,825,449	\$4,884,285	\$4,895,334	\$5,214,600	\$5,938,430	\$7,113,024	\$6,143,815	\$6,047,839	\$64,924,437
B32 / G32	\$11,177,333	\$10,804,868	\$5,424,042	\$12,091,799	\$11,741,779	\$12,061,554	\$12,758,812	\$12,610,526	\$13,210,570	\$14,544,237	\$13,477,865	\$12,963,620	\$142,867,006
M1	\$15,797	\$18,939	\$19,928	\$21,873	\$17,946	\$15,182	\$13,604	\$14,148	\$13,536	\$12,930	\$12,930	\$13,320	\$190,132
Streetlighting	\$1,137,021	\$640,783	\$1,184,568	\$891,780	\$757,295	\$1,390,546	\$787,294	\$782,429	\$608,596	\$663,367	\$622,211	\$1,126,237	\$10,592,128
X01	\$168,285	\$157,986	\$168,443	\$175,092	\$178,439	\$138,937	\$104,377	\$104,655	\$123,911	\$126,283	\$125,988	\$133,440	\$1,705,837
Total	\$32,947,256	\$33,024,679	\$29,550,706	\$36,597,513	\$34,376,588	\$34,750,041	\$33,225,426	\$33,804,086	\$39,311,694	\$44,724,131	\$38,023,325	\$36,259,869	\$426,595,314

*The Company records the charge for GET billed to customers as revenue in its general ledger and has therefore included the amount in the table above for Distribution Revenue. In order to provide Generation Revenue on a comparable basis, the table presenting Generation Revenue includes GET billed to customers on NPPs on behalf of NPPs. The Company is not aware of how NPPs record on their individual general ledgers the GET billed to their customers.

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RESA 1-5

Request:

Please indicate the discounted rate, or standard complete billing percentage, that National Grid has set in each year since offering a POR Program in Massachusetts.

Response:

The Massachusetts Purchase of Receivables ("POR") Program was approved to be implemented on and after June 26, 2014. Historical and present MA POR Standard Complete Discount Percentages for the Company's affiliates, Massachusetts Electric Company and Nantucket Electric Company, are as follows:

Effective date	Residential	Commercial	Industrial	Cite
6/27/2014 (Transition Rates) ¹	9.36%	5.72%	0.46%	DPU 14-POR-1, Transition Rate Filing 5/28/14, Attachment 1, Page 1, Lines (q), (r), (s)
6/26/2014	1.89%	0.64%	0.23%	DPU 14-POR-1, Discount Rate Filing 5/16/14, Attachment 1, Page 1, Line (3)
5/1/2015	2.19%	(0.27%)	0.25%	DPU 15-POR-1, Attachment 1, Page 1, Line (4)
5/1/2016	2.61%	0.88%	0.02%	DPU 16-POR-1, Attachment 1, Page 1, Line (4)
5/1/2017	2.27%	1.12%	0.03%	DPU 17-POR-1, Attachment 1, Page 1, Line (4)
5/1/2018	1.72%	0.83%	0.04%	DPU 18-POR-1, Attachment 1, Page 1, Line (4)
5/1/2019	2.58%	0.68%	0.05%	DPU 19-POR-1, Attachment 1, Page 1, Line (4)
5/1/2020	3.11%	1.35%	0.12%	DPU 20-POR-1, Attachment 1, Page 1, Line (4)

¹ The transition rates were applied to the existing accounts receivable balances of Competitive Suppliers participating in the POR Program in Massachusetts on June 27, 2014. The accounts receivable purchased were those pre-existing balances for electric supply sold and billed prior to June 26, 2014.

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RESA 1-6

Request:

Please estimate the initial discounted rate, or standard complete billing percentage, that National Grid would expect to establish in Rhode Island. When presenting this information, please show the discounted rate based on the assumptions of recovering implementation costs over a period of one, two, three, four or five years.

Response:

The Company is hesitant to provide an estimate of an initial discount, or standard complete billing percentage that the Company would expect to establish as the terms of a purchase of receivables ("POR") program have not yet been determined. If the Company were to assume that the POR program is very similar to the Massachusetts program, as is shown in the Company's response to RESA 1-5, there would be two discount rates at the beginning of the program. One discount rate, the transition discount rate, would be applied to the existing accounts receivable of non-regulated power producers ("NPPs") participating in the POR Program on the first day the program goes operational and would apply to the accounts receivable purchased on that date assuming all existing accounts receivable would be included in and subject to purchase in the POR Program. The Company has not performed the analysis necessary to determine what the discount rates for purchase of existing receivables would be and whether or not the methodology used in Massachusetts would be appropriate in Rhode Island. Regarding the discount rate to apply to purchase accounts receivables created after the implementation date of the POR program, in Massachusetts, its calculation was different in the first year from what it has been in subsequent years. Below is an excerpt from the Terms and Conditions for Competitive Suppliers in Massachusetts, taken from the Company's Massachusetts affiliate's tariff, M.D.P.U. No. 1420.

During the first year of program operation, the Uncollectible Percentage is the uncollectible expense for the participating Customer Class based on actual data, excluding uncollectible expenses related to amounts billed by the Company for Generation Service purchased from Competitive Suppliers, divided by the total amounts billed by the Company, including late payment fees if included in uncollectible expense and excluding amounts billed by the Company for Generation Service purchased from Competitive Suppliers, to that participating Customer Class. The period used to calculate the first year Uncollectible Percentage will be the same period as that used/reflected in the calculation of its uncollectible costs associated with the amounts the Company bills for Basic Service supply.

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RESA 1-6, page 2

M.D.P.U. No. 1420, Section 8B.2.b., definition of UPcc at 12.

The Company would follow a consistent approach as its affiliate in Massachusetts because it does not have specific charge-off information associated with generation service provided by NPPs. Assuming that the Company would use this same approach to determine and first-year discount rate, the first-year discount rate would be dependent upon what period of time is used to determine the uncollectible costs and revenue used in the calculation. During the Covid-19 pandemic, pursuant to the PUC's termination moratorium, the Company did not terminate service to customers and thus did charge off accounts. Only since late September has the Company begun to resume outbound collections calling, sending disconnect notices and resuming limited service terminations to commercial and industrial customers only. As such, any projection of a discount rate will not be representative of what the discount rate would be since a POR program isn't approved and not representative of what the discount rate would be at the time a POR program is implemented if the PUC adopts the same approach used by the Company's Massachusetts affiliate.

In an attempt to be responsive, the Company has provided uncollectible (charge off) percentages by customer class, which is a reasonable approximation of the standard complete billing percentage, on a rolling 12-month basis, for the period 2017 through October 2020, in Attachment RESA 1-6. The Company believes that it is premature to provide an estimate of the administrative cost component of the standard complete billing percentage at this time as it is not clear exactly which administrative costs would be included in such a calculation. Since the end of March 2020, the uncollectible rates illustrated in Attachment RESA 1-6 are lower than what they otherwise would have been absent the Covid-19 pandemic due to the PUC's termination moratorium, which directly impacts charge offs and, consequently, the uncollectible rate.